DOCUMENT RESUME

ED 188 740 PS 011 424

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TITLE What Sort of Care Will the Government Buy? A Policy Analysis of the Federal Interagency Day Care Requirements.
PUB DATE 80
NOTE 19p.

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Day Care: *Federal Legislation: History: Preschool Education
IDENTIFIERS Federal Interagency Day Care Requirements: *Rules and Regulations: *Social Security Act Title XX

ABSTRACT

Changes in the Federal Interagency Day Care Requirements (FIDCR) have produced a federal policy that increases cost and favors delivery through private non-profit day care centers. Requirements and implications of new rules based on the Title XX amendment to the Social Security Act (effective 10/1/80 and applicable to all programs in the DHEW, except Project Head Start) indicate that (1) the state agency is solely responsible for rate setting, fund disbursement, licensing, monitoring, enforcement and review in addition to being heavily implicated in technical assistance, provision of information, health, safety and training: (2) day care is a focus for public health and particularly health education and promotion activities: (3) the rules are specific about what services are to be provided by whom: (4) day care jobs are being taken over by professionals and bureaucrats: (5) parent participation in policy making has been deemphasized while parents are to be provided greater access to classrooms, program information and other community services, (6) health, medical, social service, educational and recreational industries may benefit from the new rules, (7) child/staff ratios have been relaxed while staff training requirements have become more stringent, and (8) due process concerned with coordination and compliance dominate the government's interest and have influenced the nature of many changes in the FIDCR. (Author/RH)

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What Sort of Care Will the Government Buy?

A Policy Analysis of the Federal Interagency Day Care Requirements.

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I. Day care in Perspective

From primeval times, the care, education and socialization of children have been primary functions of society. The present provisions for child care are variations of this enduring human activity superimposed on modern times and roles.

The type of service now known as day care has been in existence in this country for about 150 years. It began primarily in urban centers, was provided primarily for the disenfranchised by private, charitable interests and took place primarily during times of economic disturbance or change. Historically, it has been a temporary response to unusual circumstances and directly related to expansions in the labor force. As such, day care has not always been widely popular. Its periods of popularity, in the past and at least partially in the present, stem from its appeal to social reform and its advantages to the middle class, with their relatively greater ability to affect public policy formation. In this respect, day care as it currently exists can be seen as a coalition of lower and middle class interests. In another respect, day care can be seen as serving the interests of women.

> From 1940-1975 the number of women in the labor force more than doubled, while the number of working mothers increased eightfold. Projections for 1985 indicate 6.6 million mothers with children under five in the labor force, a 32% increase over 1975. [1]

The number of female headed households, especially among low income groups, is rising rapidly as divorced, deserted

and unwed mothers become single parents responsible for their own and their children's economic support. Day care has other faces. It is seen by some as an attempt to invade and manipulate the family. By others, it is seen as a way to break the cycle of poverty. In considering the various viewpoints two things become apparent. First, that day care is an integral part of many complex and often conflicting social circumstances and policies and secondly, that regardless of whether these trends benefit women or men, the poor or ethnic groups, the middle class or the rich, industry or government, they could not and can not take place without substantial formal and/or informal provisions for child care.

> In fiscal 1977 (the latest year for which data on all programs are available) about 2.8 million children were served in direct programs costing the federal government approximately 1.8 billion dollars and care for another 4 million was subsidized through tax expenditures of about 500 million.[2]

Clearly, the federal government has become a large scale purveyor of day care. In the absence of an explicit, integrated, national policy on day care or the family, any attempt to determine the total government policy towards day care would have to examine associated policies, appropriations and regulations. This presentation will concern itself with one aspect of the latter - the Federal Interagency Day Care Requirements (FIDCR).

II. History of the FIDCR

> (Policies are)...guiding principles or courses of action adopted and pursued by societies and their governments, as well as by the various groups or entities within societies, such as political parties and other interest groups, business firms and corporations, labor unions and professional associations, formal and informal organizations...(and they)...tend to, but need not be codified in formal legal instruments.[3]

As an amendment to the Economic Opportunities Act of the early sixties, in response to increasing demand and in an attempt by the government to define and account for its activities and expenditures in this area, PL 90-222 was passed (1967) mandating the creation of the first FIDCR. The legislative intent was to provide a broad range of services for children of the poor and disadvantaged, to stimulate employment and job training among the low income and unemployed and to encourage well coordinated administration of federally funded programs. The legislation called for these standards to apply jointly to programs in the Office of Economic Opportunity, including Project Headstart, and to programs in the Department of Health, Education and Welfare.

Completed in 1968, these first regulations were seen by their inceptors as goal standards. Due to this perspective and the lack of consensus on many issues, the rules were deliberately flexible and consequently ill-suited to the day to day practicalities of enforcement, uniformity of applicability, implementation and review. The attempt to apply them as funding standards resulted in many cases

of confusion and non-enforcement.

With the dismantling of the OEO during the Nixon administration, the responsibility for most federal day care programs was transferred to the Office of Child Development in DHEW. Here, the rules were rewritten to increase specificity, enhance enforcement, provide standards for infants and school age children, and lessen parent involvement requirements. These rules, however, became victims of the political climate of the times and were never sent to Congress.

PL 93-674, the TITLE XX amendment to the Social Security Act (1975) included compromises in the day care debates. For the first time, compliance with the FIDCR was made mandatory for federal program participation but the educational services provision remained advisory. In addition, TITLE XX revised the regulations with regard to infants and school age children. Even with these revisions, the FIDCR remained largely amibguous and enforcement has been delayed in great measure up to the present. TITLE XX however, did authorize the Secretary of HEW to change the FIDCR to enhance compliance, to conduct a study of the apporpriateness of the FIDCR and to issue revised rules based on its findings and public comment.[4] The studies were conducted by the Office of Human Development in DHEW, the proposed rules were printed for public comment, and on 3/19/80 the Office of the Secretary published the new FIDCR in the Federal Register. These rules with

specific exceptions are to be effective 10/1/80 and are to be applicable to all programs in the DHEW except, ironically, Project Headstart which has evolved its own goals and rules.[5]

III. What Sort of Care Will the Government Buy?

Recognizing that various opinions on the subject exist, this presentation proceeds from two premises. First, that although serving some legitimizing functions as goal standards and insuring that licensing standards exist, the FIDCR function basically as "...purchasing specifications defining the level of quality required for federally subsidized day care necessary for accomplishing the goals of the subsidy",[6] and secondly that whether in response to or in creation of demand, government subsidy dramatically affects the nature, setting, sponsorship, quantity and quality of day care services.

What sort of care will the government buy? In a comparison of the rules, it is evident that the goal of the government has been and still is to purchase day care that provides a broad range of well coordinated services for the children of the poor and disadvantaged.

In drafting of the regulations pursuant to this goal, the government first had to concern itself with interest representation; its own and that of the private sector. In this case, the government's interests are well reflected in its concern with due process. Although legality is always a prime factor in regulation, because of the origin and history of the FIDCR, it is especially well suited for the analysis of the new rules. As regards day care, due process largely means standardization, uniformity, accountability and consequently, enforcement.

The legislative intent of the FIDCR also requires coordination of services. It is the contention here that the dual due process concerns with coordination and compliance dominated the government's interests and dictated the nature of many changes in the FIDCR.

Although the interests of the private sector are many, conflicting and complex, the main issues at stake are the quality of care and the cost to the provider. These issues are inversely related in many aspects, and it is through this mechanism that federal subsidy and regulation affects the supply of the day care market.

From the beginning, many of the problems with enforcement of the FIDCR were due to the ambiguity inherent in the application of goal standards as funding standards. In an attempt to enhance enforceability, the new rules utilize greater specificity about what services are to be provided, and who is responsible for their provision. This greater specificity, short of using regulation to create a new day care initiative, itself a violation of due process, necessitated specification within existing structures; a descent from the realm of the ideal to an approximation of the State of the Art. The result is an increased tendency towards centralization of responsibility and administration as a condition for federal program participation. In the new rules, the state agency is solely responsible for rate setting, fund disbursement, licensing, monitoring, enforcement and review in addition to being heavily implicated in technical assistance,

provision of information, health, safety, and training. At the provider level, centralization results in increased responsibility for provision of services and caregiver training thus requiring increased administrative activities.

The specificity and centralization attendant to the need for compliance also symbiotically serve the need for coordination by specifying to a greater degree which services are to be coordinated and by whom. These rules, especially those requiring day care centers to act both as resource and advocate in obtaining service, have several interesting effects.

First of all, by requiring the integration of day care centers into the existing service systems, the FIDCR take on legitimizing roles. For the first time in its history in this country, day care or at least center care has been removed from the realm of the temporary and unusual and mandated as a source of community support.

Attendant to day care's change in status towards becoming a permanent, integral structure, is the institutionalization of a permanent increase of women in the labor force. In this way the upgrading of day care represents a legitimization of the wider social and economic roles of women.

A more concrete ramification of requiring the integration of day care into the existing community service systems is the shift of benefits of day care's job creating capabilities from the disadvantaged to the professionals

and bureaucrats. The demise of the job training programs of the sixties, the demand for day care beyond the supply indicating employment opportunity elsewhere, and the necessity of trained personnel to implement increases in the quality of care have all contributed to the natural death of the original intent to provide jobs for low income groups. In addition, coordination with existing structures, largely controlled by professionals and bureaucrats, increases in the types of services to be provided, and increases in the responsibility for provision virtually mandate the involvement of all manner of health and medical professionals, planners, educators, and social service agency employees.

Integration and coordination of services facilitates the availability of day care as a forum for public health and particularly for health education and promotion activities. The new rules open roles in the provision of technical assistance and direct service to federal, state, and local agencies as well as to direct providers in the planning and implementation of health, medical, safety, and nutritional services, methods for the accumulation and dispensation of information, training and citizen participation in the functioning of day care advisory councils and parent groups.

A word about parents. The effects of the new rules regarding parents are strangely mixed. Clearly, they have greater access to the classrooms, to information about the programs, and to other community services. They also

would seem to benefit from increases in the quality standards. However, the increases in quality may serve to threaten their supply and/or to dictate the mode of service. Furthermore, the specification for parent participation in policy decision making has been deemphasized and the lack of specification in the functioning of day care advisory councils favors existing organization, leaving consumers at a disadvantage. This places the new FIDCR in the somewhat schizophrenic position of mandating both that parents be better informed and able to make decisions about child care and that they be given less opportunity to do so.

The discussion of the professional benefits of the FIDCR raises two important points. First, it is evident that not all of the costs of day care are for the care of children. Much of the cost is of benefit to the health, medical, social service, education, and recreation industries. Now, while these services are indeed of benefit to children and although the benefit to these industries may enhance acceptability and implementation, it is likewise evident that day care costs could be reduced significantly if these associated services were funded with monies appropriated for these purposes. Secondly and most importantly, the FIDCR increases in the number and quality of services correspond poorly with any mechanism to provide adequate funds and although the regulations state that the state agency must "take

into account the costs to the facility" of the regulations when setting rates, the increases come at a time when inflation is high and federal, state, local, and private funds, especially for human services, are low. This places a conflicting demand on not only state agencies and direct providers but on the related health, medical, educational and social service systems to provide more and better services with a net loss in funds. While the effects of synergism between appropriation and changes in the FIDCR are as yet unknown, they could transform job benefits to professionals and bureaucrats into service delivery snafus and contribute to fluctuation in the supply, increased segregation or once again, noncompliance.

While coordination and compliance dominate the government interests, the most bitterly fought day care debate in the private sector is whether the government should purchase service providing for a specified minimum for health and safety (custodial) or service providing for a specified minimum for a positive contribution to nuturance and growth (developmental). Despite hopes that the new FIDCR would produce a resolution to this dilemma, the rules continue to reflect the controversy by awarding incremental victories to both factions.

By requiring developmental education and activities, certification and in-service training for caregivers, increasing requirements for nutrition and health, and

increasing state agency and provider responsibility for provision of information and services, the new rules appear to be committed to a high standard and cost of education and care. However in practice, staff ratios and group sizes act as rate limiters for provision of a given direct service, as anyone who has ever been alone in a room with nine three-year-olds can testify. It follows then that groups sizes and, even more so, staff ratios determine at a practical level the cost of providing care and consequently affect the supply, especially in the for-profit sector.

While the new FIDCR specify group sizes that are somewhat smaller and the arrangement of groups by age reflects greater recognition of developmental differences, the major effect of early childhood research on the rules, staff ratios most significantly in the groups containing the bulk of the day care population, have been relaxed. This is not of unqualified benefit to the for-profit sector however, because the staffing regulations are also more specific about training of caregivers and how staff time is to be determined thus limiting the inclusion of volunteers, teen-agers and non-direct caregiver personnel into these figures, practices more common to homes and profit centers. The revision of the ratios is an exercise in linemanship and the attempt to strike a balance between the demand for better quality and the effect of cost on supply is likely to continue as a source of hot debate.

IV. Implications

The tangible result of the changes in the FIDCR is a federal policy that increases cost and favors a particular mode of delivery. The increase in cost estimated by the government is $.35 per child per day for a 250 day school year or about $90.00.7 This is something of an underestimate given that most parents continue to work, thus requiring day care services in the summer and because the rules harbor hidden costs. Low profit margins in day care already detract from its appeal to private investment on a large scale and the increase in the volume of administrative activities required in the new rules may prove differentially more burdensome, costly, and complex for small home operators than for centers already equipped to deal with the bureaucracy. Training and staffing requirements are also more difficult for small operators to meet especially in the case of infant care, traditionally a strong home market. It seems then that the needs for compliance, coordination, quality, and cost containment coalesce into continued support for day care's historic commitment to private non-profit center-based care.

The more ephemeral results of the new rules are speculative. Most obviously and hopefully, they could result in improved service, especially in areas where coordination of service presently exists, where state

licensing boards have taken the initiative in requiring even higher standards and/or where non-profit center-based care already provides a significant portion of federally subsidized care. Less conspicuously however, the new rules carry the potential for a decrease in supply if enforced, for wide-spread noncompliance if unenforced, and for forcing day care underground especially in the small home and infant care areas. Though it may be noted in regarding the latter that the vast majority of children of working parents are cared for by informal arrangements with relatives and others, it seems an odd effect for regulations of quality to remove their target population from the range of their applicability. Lastly, it may also be noted that the common ramification of all of the above speculations, save non-enforcement, is an increase in the federal government's role in provision of day care.

V. Footnotes

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